COMPANY RESULTS

Alpha IVF (ALPHA MK)

4QFY25: Earnings On Track As FY26 Takes Shape

Alpha IVF's sales hit a new high as maiden contributions from its Indonesia operations kicked in. Margins rebounded following the frontloaded start-up costs in the previous quarter, and earnings came in broadly within expectations. FY26 is set to deliver exciting earnings growth, underpinned by the addition of new IVF facilities in the Philippines and further rollouts in Malaysia. Maintain BUY with a target price of RM0.35.

4QFY25 RESULTS

Year to 31 May (RMm)	4QFY25	qoq % chg	yoy % chg	FY25	yoy % chg	Comments
Revenue	**50.0**	**23.2**	**7.0**	**176.8**	**5.5**	Yet another record quarter coupled with maiden contributions from its Indonesia satellite clinic.
GP	**30.6**	**24.9**	**9.5**	**107.2**	**10.0**	
EBITDA	**23.5**	**35.5**	**12.7**	**83.0**	**4.9**	
PBT	21.4	37.2	10.1	76.1	5.7	
Profit	**16.3**	**34.4**	**13.5**	**58.6**	**8.3**	
Core PATAMI	**16.1**	**35.0**	**3.9**	**57.5**	**2.6**	Broadly within expectations, at 98% and 97% of our and consensus estimates respectively.
Margins	**(%)**	**qoq ppt chg**	**yoy ppt chg**	**(%)**	**yoy ppt chg**	
Gross Profit	61.3	0.8	1.4	60.6	2.5	
EBITDA	46.9	4.3	2.4	46.9	-0.3	
Eff. tax rate	-24.0	-1.6	2.3	-23.1	1.8	
Core Profit	32.1	2.8	-0.9	32.5	-0.9	

Source: Alpha IVF, UOB Kay Hian

RESULTS

- **Earnings in line as margins recover on record patient volume.** Alpha IVF registered a 4QFY25 core profit of RM16.1m (3.9% yoy, +35.0% qoq). This brought FY25 core profit to RM57.5m (+2.6% yoy). This is broadly within expectations, with earnings accounting for 98% and 97% of our and consensus full-year estimates respectively. The quarter was another record-breaking quarter due to a recovery in margins. This is merely a preview to FY26 as Alpha IVF ushers in a multitude of new IVF facilities and satellite clinics across the region.

KEY FINANCIALS

Year to 31 May (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	168	177	224	300	380
EBITDA	77	80	105	141	182
Operating profit	70	71	93	127	167
Net profit (rep./act.)	55	57	70	94	123
Net profit (adj.)	55	57	70	94	123
EPS (sen)	1.1	1.2	1.4	1.9	2.5
PE (x)	24.4	23.3	19.2	14.3	10.9
P/B (x)	7.1	6.7	5.9	5.1	4.3
EV/EBITDA (x)	15.6	15.1	11.6	8.6	6.7
Dividend yield (%)	1.6	3.5	3.1	4.2	5.4
Net margin (%)	32.7	32.5	31.1	31.3	32.4
Net debt/(cash) to equity (%)	(77.1)	(78.7)	(61.7)	(71.8)	(80.9)
Interest cover (x)	95.5	73.9	212.6	n.a.	n.a.
ROE (%)	45.9	29.8	32.8	38.3	42.8
Consensus net profit	-	-	71.0	95.0	-
UOBKH/Consensus (x)	-	-	0.99	0.99	-

Source: Alpha IVF, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	RM0.28
Target Price	RM0.35
Upside	+27.3%

COMPANY DESCRIPTION

Renowned fertility centres in the ASEAN region, set up and operated by leading doctors and embryologists responsible for numerous fertility achievements both in the region and worldwide.

STOCK DATA

GICS sector	Health Care
Bloomberg ticker:	ALPHA MK
Shares issued (m):	4,860.0
Market cap (RMm):	1,336.5
Market cap (US$m):	316.2
3-mth avg daily t'over (US$m):	0.1

Price Performance (%)

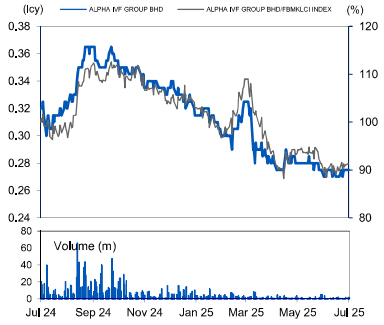
52-week high/low RM0.375/RM0.295

1mth	3mth	6mth	1yr	YTD
0.0	(3.5)	(15.4)	(14.1)	(19.1)

Major Shareholders	**%**
Dato' Dr. Lee Soon Soo	43.2
Lee Soon Ai	8.9
Ng Peng Wah	8.3

FY26 NAV/Share (RM)	0.05
FY26 Net Cash/Share (RM)	0.02

PRICE CHART



Source: Bloomberg

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- **Another record quarter but the best is yet to come.** 4QFY25 revenue grew by 7.0% yoy (+23.2% qoq). We gather that the quarter was primarily driven by foreign patient growth. In addition, its satellite facility in Indonesia made its maiden contribution following the commencement of its operations in late-4QFY25. Over the next 12 months, Alpha IVF is anticipated to add two additional IVF centres each in Malaysia and the Philippines and one IVF centre and two satellite clinics in Indonesia. This will complement the existing four full-fledged IVF centres across Malaysia and Singapore, two satellite clinics in Indonesia and two sales and representative offices in China.
- **Margins recover in absence of start-up costs.** Gross margin largely inched up by 0.8ppt qoq and 1.4ppt yoy to 61.3% due to a better foreign patient mix. EBITDA margin expanded by 2.4ppt yoy and 4.3ppt qoq to 46.9% for the quarter. Start-up costs were largely frontloaded to the preceding quarter. Subsequently, PATAMI margin improved by 1.2ppt yoy to 42.7% as the full year's margin was largely maintained at 32.5% (-0.9ppt yoy). While we expect margins to ease slightly in FY26 as new expansions come onstream, we do not anticipate losses, only mild dilution from new operations.

STOCK IMPACT

- **Multitude of growth engines.** The next few quarters should continue to see decent growth on the back of: a) increased patient volume from China following the establishment of sales representative offices in Shanghai and Guangzhou that have driven a record number of patients to Alpha IVF; b) the gestation of two satellite clinics in Jakarta, Indonesia, followed by two additional satellite clinics across Indonesia in FY26; and c) the launch of four IVF facilities in Philippines (Manila), Indonesia (Jakarta) and Malaysia (Sabah and Johor) over 2026.

EARNINGS REVISION/RISK

- No meaningful changes to earnings.
- Key downside risks are execution of new facilities, reputation risk, and key personnel concentration risk.

VALUATION/RECOMMENDATION

- **Maintain BUY and target price of RM0.35.** We like Alpha IVF for its attractive growth prospects, leading clinical success rates in the region, superior profit margins, and ongoing international expansion. While it deserves a valuation premium over peers, we acknowledge that a successful track record in its overseas ventures is key before any re-rating. As such, we lower our PE peg to 20x, line with its peers' but roll over our valuations to 2026 from FY26.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

• **Environmental**
- **Energy efficiency.** Implements energy-efficient equipment and practices to reduce energy consumption within the centres.
- **Waste management.** Implements responsible waste management including proper disposal of medical waste and recycling initiatives.
• **Social**
- **Ethical practices.** Adheres to ethical and transparent practices in patient interactions, including informed consent, privacy protection and responsible handling of genetic information.
- **Diversity & inclusion.** Fosters a diverse and inclusive work environment, ensuring that all patients and employees are treated with respect and dignity.
• **Governance**
- **Board oversight.** Ensures that the board of directors or governing body provides effective oversight of the IVF centres' operations, including ESG strategies and performance.

KEY ASSUMPTIONS

	FY26F	FY27F	FY28F
Revenue (RMm)	**223.7**	**299.7**	**379.7**
Growth yoy (%)	26.5	34.0	26.7
Number of OPU			
Existing Centre OPU	3290	3446	3610
Growth yoy (%)	4.8	4.8	4.8
New Centres OPU	850	2300	3700
Growth yoy (%)	467	171	61
Total OPU	4140	5746	7310
Growth yoy (%)	25.8	38.8	27.2
Blended Revenue per OPU (RM'000)	**50.6**	**48.8**	**48.6**
Growth yoy (%)	-1.8	-3.5	-0.4

Source: UOB Kay Hian

GROWTH AND MARGIN OUTLOOK

	FY26F	FY27F	FY28F
Revenue (RMm)	**223.7**	**299.7**	**379.7**
Growth yoy (%)	26.5	34.0	26.7
EBITDA (RMm)	**111.0**	**147.1**	**188.3**
Growth yoy (%)	28.3	32.5	28.0
Core PATAMI (RMm)	**69.6**	**92.7**	**122.9**
Growth yoy (%)	21.1	33.2	30.5
EBITDA Margin (%)			
Core PATAMI Margin (%)	46.6	46.7	49.6

Source: UOB Kay Hian

PROFIT & LOSS

Year to 31 May (RMm)	2025	2026F	2027F	2028F
Net turnover	**176.8**	**223.7**	**299.7**	**379.7**
EBITDA	80.1	104.6	140.6	181.8
Deprec. & amort.	9.3	11.4	13.9	14.4
EBIT	70.8	93.2	126.7	167.5
Total other non-operating income	6.4	6.4	6.4	6.4
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	(1.1)	(0.5)	0.5	1.5
Pre-tax profit	**76.1**	**99.1**	**133.7**	**175.4**
Tax	(17.6)	(22.9)	(30.6)	(40.0)
Minorities	(1.1)	(6.7)	(9.4)	(12.4)
Net profit	57.5	69.6	93.7	122.9
Net profit (adj.)	**57.5**	**69.6**	**93.7**	**122.9**

BALANCE SHEET

Year to 31 May (RMm)	2025	2026F	2027F	2028F
Fixed assets	36.2	100.1	93.2	86.9
Other LT assets	41.2	41.2	41.2	41.2
Cash/ST investment	155.9	143.8	193.1	256.2
Other current assets	17.5	10.8	14.5	18.4
Total assets	**250.8**	**295.9**	**342.1**	**402.7**
ST debt	0.0	1.3	1.3	1.3
Other current liabilities	23.8	41.0	42.1	43.2
LT debt	0.0	3.0	3.0	3.0
Other LT liabilities	22.9	11.9	10.5	9.2
Shareholders' equity	198.0	225.9	262.9	311.3
Minority interest	6.1	12.8	22.2	34.6
Total liabilities & equity	**250.8**	**295.9**	**342.1**	**402.7**

CASH FLOW

Year to 31 May (RMm)	2025	2026F	2027F	2028F
Operating	**54.9**	**75.1**	**102.3**	**132.3**
Pre-tax profit	76.1	99.1	133.7	175.4
Tax	(17.6)	(22.9)	(30.6)	(40.0)
Deprec. & amort.	9.3	11.4	13.9	14.4
Associates	0.0	0.0	0.0	0.0
Working capital changes	(5.4)	(5.4)	(2.4)	(2.6)
Other operating cashflows	(7.5)	(7.1)	(12.3)	(14.8)
Investing	**(1.7)**	**(47.5)**	**4.8**	**5.3**
Capex (growth)	(7.3)	(55.0)	(7.0)	(8.0)
Investments	0.0	0.0	0.0	0.0
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	5.6	7.5	11.8	13.3
Financing	**(47.4)**	**(39.8)**	**(57.7)**	**(74.5)**
Dividend payments	(46.2)	(41.7)	(55.6)	(72.6)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	0.0	3.0	0.0	0.0
Others/interest paid	(1.2)	(1.1)	(2.1)	(1.9)
Net cash inflow (outflow)	5.8	(12.1)	49.3	63.1
Beginning cash & cash equivalent	151.3	155.9	143.8	193.1
Changes due to forex impact	(1.3)	0.0	0.0	0.0
Ending cash & cash equivalent	**155.9**	**143.8**	**193.1**	**256.2**

KEY METRICS

Year to 31 May (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	45.3	46.7	46.9	47.9
Pre-tax margin	43.1	44.3	44.6	46.2
Net margin	32.5	31.1	31.3	32.4
ROA	24.0	25.4	29.4	33.0
ROE	29.8	32.8	38.3	42.8
Growth				
Turnover	5.5	26.5	34.0	26.7
EBITDA	3.4	30.5	34.5	29.3
Pre-tax profit	3.0	30.2	34.8	31.2
Net profit	4.8	21.1	34.6	31.3
Net profit (adj.)	4.8	21.1	34.6	31.3
EPS	4.8	21.1	34.6	31.3
Leverage				
Debt to total capital	0.0	1.8	1.5	1.2
Debt to equity	0.0	1.9	1.7	1.4
Net debt/(cash) to equity	(78.7)	(61.7)	(71.8)	(80.9)
Interest cover (x)	73.9	212.6	n.a.	n.a.

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